

Published: May 20, 2012, *Kokomo Tribune* [Pages: A1, jump to A6]

http://www.kokomotribune.com/news/local_news/article_d4581636-d89a-598d-aa59-0d40e62392d6.html

USPS to begin closing plants

Local processing center 1 of 5 in state to be consolidated.

Associated Press

Washington — The nearly bankrupt U.S. Postal Service is moving forward with a multibillion-dollar cost-cutting plan that will close nearly 250 mail processing centers, saying on Thursday it can no longer wait as Congress remains deadlocked over how to help.

At a news briefing, Postmaster General Patrick Donahoe said the agency's mail processing network had simply become too big, given declining first-class mail volume and mounting debt. It will now consolidate nearly 250 plants as originally proposed, including 48 this summer, but will stretch out the remainder over a longer time frame in 2013 and 2014.

Along with Gary, Bloomington, Terre Haute and Columbus, Kokomo is one of five Indiana processing centers set for consolidation by February 2013.

Patti Orndorff is president of American Postal Workers Union Local 1014 in Kokomo and vice-president of the Indiana Postal Workers

Union. In a phone interview Thursday, she said only the processing is set to move, and that window service will still be available in Kokomo.

“How it usually works is first they’ll take the outgoing mail, and then they’ll take the midnight mail which means mail won’t be processed in Kokomo anymore,” she said. “It’s going to knock down our people. We’ll lose probably 60 clerks. Counting everyone else, it could be up to 100 people.”

Orndorff said a contract was in place that stipulated that workers can’t be laid off, but instead reassigned.

“They have to find you a job within 50 miles,” she said. “There’ll be some jobs around. There are some people putting in for jobs now. We’ve had a couple people go to Marion, Galveston, other places.”

Orndorff said that could still cause problems because most of the open slots right now are carrier positions.

“We have an older workforce,” she said. “A lot of them aren’t able to do that.”

Earlier this month, nearly half the Senate had written letters to Donahoe asking that he hold off on closing any mail facility until Congress could pass final postal overhaul legislation. The Senate last month passed a bill that would halt many of the closings. The House

remains stalled over a separate postal measure allowing for more aggressive cuts.

“To return to long-term profitability and financial stability while keeping mail affordable, we must match our network to the anticipated workload,” Donahoe said. Failure to do so, he stressed, would “create a fiscal hole that the Postal Service will not be able to climb out of.”

Under the modified approach, up to 140 processing centers will be consolidated by next February — roughly 48 in August and about 90 next January and February. Closings would be suspended during the Postal Service’s busy election and holiday mail season. Another 89 closings would occur in 2014.

The consolidations are initially expected to reduce postal staff by 13,000 and save the struggling mail agency roughly \$1.2 billion annually. By the time the full round of cuts is implemented by late 2014, the post office will have 28,000 fewer employees with estimated annual savings of \$2.1 billion.

The latest postal move comes after vociferous protests from communities across the U.S., particularly those in rural areas, over the mail agency’s initial multibillion dollar cost-cutting plan to close up to 3,700 post offices and 252 mail processing centers. The Postal

Service last week backed off the closing of post offices, saying it would cut costs instead by reducing operating hours in 13,000 mostly rural locations.

Thursday's announcement seeks to allay consumer concerns about immediate, broad-scale cuts to mail processing centers that would have slowed first-class mail delivery of prescription drugs, newspapers and other services beginning this summer and would have virtually eliminated the chance for a stamped letter to arrive the next day.

Under the new plan, about 80 percent of the U.S. areas that currently enjoy overnight first-class mail delivery will continue to do so through the end of next year. After that, barring congressional action, the Postal Service will proceed with additional steps that could slow first-class mail and reduce overnight delivery more significantly, said Megan Brennan, chief operating officer of the Postal Service.

The Postal Service has been grappling with losses as first-class mail volume declines and more people switch to the Internet to communicate and pay bills. The agency has forecast a record \$14.1 billion loss by the end of this year. Without changes, it said, annual losses would exceed \$21 billion by 2016.

Donahoe stressed that even with the mail agency's latest moves, it still faces mounting losses without congressional action that would give it more leeway to eliminate Saturday mail delivery and reduce health and labor costs.

If the House fails to act soon, postal officials say they will face a cash crunch in August and September, when the agency must pay more than \$11 billion to the Treasury for future retiree health benefits. Already \$13 billion in debt, the health payment obligation will force the agency to run up against its \$15 billion debt ceiling, causing it to default on the payments.

In many sprawling rural areas like Hope, Alaska, residents say they would have to drive nearly 100 miles for mail services in Anchorage if their local post office couldn't stay open long enough. Timely delivery from mail processing centers is also particularly valued in the winter months, when hazardous road conditions can make travel to a store or pharmacy difficult if not impossible.

"My wife's medical plan is basically that prescription drugs are mailed to her," said Doug Pope, a semi-retired lawyer who lives near Hope, an old gold rush town where the post office faces reduced hours.

"There's a lot of people who will be here for months without going to Anchorage."

Pope says he's willing to accept moderate postal cuts, explaining that he's not sure what else can be done and whether politicians in Washington will do anything about it.

"I do think it's a sign of a larger, more worrisome trend to me that instead of trying to focus on our larger issues in our society, what we're trying to do is nickel and dime people on sort of the downstream end of everything," he said. "But that's a political issue."

Associated Press writer Mark Thiessen contributed to this report from Hope, Alaska. Rob Burgess, Tribune night editor, also contributed to this report.